

Exhibit 300: Part I: Summary Information and Justification (All Capital Assets)

I.A. Overview

1. Date of Submission:	9/1/2006
2. Agency:	Department of State
3. Bureau:	A/LM Logistics Management
4. Name of this Capital Asset:	A/LM ILMS
5. Unique Project (Investment) Identifier: (For IT investment only, see section 53. For all other, use agency ID system.)	014-00-01-05-01-1130-00
6. What kind of investment will this be in FY2008? (Please NOTE: Investments moving to O&M ONLY in FY2008, with Planning/Acquisition activities prior to FY2008 should not select O&M. These investments should indicate their current status.)	Mixed Life Cycle
7. What was the first budget year this investment was submitted to OMB?	FY2001 or earlier

8. Provide a brief summary and justification for this investment, including a brief description of how this closes in part or in whole an identified agency performance gap:

[Reviewed September 2006 for OMB 300 BY2008 cycle] ILMS is currently in the control phase of the Department of State's capital planning and investment control (CPIC) cycle. Significant changes from the ILMS update for this BY2008 submission include: * Status - ILMS is fully deployed domestically with the requisition, procurement, warehouse, transportation, diplomatic pouch and mail, and asset management features in full operation. * Implementation of ILMS and related business process reengineering activities under a Duplicate Action Team (DAT) initiative have resulted in the following 17 systems being retired by 2006. Ordering (WWRS, RAPS, BOM), Procurement (EAPCS, PRISM, SACONS [5 instances], SARS), Distribution (MSE, LMIS), Asset Management (AVIS, WPAS, RIA), Transportation (STATS) * As of 31 July 2006, ILMS has 2,000+ active users domestically and overseas. * Security - Full C&A for ILMS granted November 2004, updated July 2005, and remains valid until JUNE 2008. * Schedule - Updated deployment schedule for ILMS deployment overseas. Overseas deployment is scheduled to begin in FY2008/FY2009 following phased GFMS integration. Investment Summary: To maintain Diplomatic Readiness in the 21st century, dramatic improvements must be made to the Department's logistics supply chain. The most critical initiative in this area is the implementation of an Integrated Logistics Management System (ILMS). The ILMS Program replaces the Department's 20+ disparate logistics systems with modern technology and COTS products that support an integrated supply chain and reengineered business processes. It revolutionizes the way the Department procures goods and services by fully implementing e-government at every overseas post and domestic bureau. In addition, it will provide modern and standardized functionality for worldwide requisitioning, procurement and contracting, warehouse management, transportation, personal effects movement, diplomatic pouch and mail, property management, customer support and process management.

9. Did the Agency's Executive / Investment Committee approve this request?	Yes
a. If "yes," what was the date of this approval?	8/4/2006
10. Did the Project Manager review this Exhibit?	Yes

12. Has the agency developed and/or promoted cost effective, energy efficient and environmentally sustainable techniques or practices for this project. Yes

a. Will this investment include electronic assets (including computers)?	Yes
b. Is this investment for new construction or major retrofit of a Federal building or facility? (answer applicable to non-IT assets only)	No
1. If "yes," is an ESPC or UESC being used to help fund this investment?	
2. If "yes," will this investment meet sustainable design principles?	
3. If "yes," is it designed to be 30 % more energy efficient than relevant code?	
13. Does this investment support one of the PMA initiatives?	Yes
If "yes," check all that apply:	Budget Performance Integration, Financial Performance, Expanded E-Government, Competitive Sourcing
13a. Briefly describe how this asset directly supports the identified initiative(s)?	The investment in enterprise wide, global supply chain management directly supports the PMA in 4 areas. Competitive Sourcing - ILMS supports the Department's commitment to competition. Financial Management - ILMS greatly improves financial accuracy. E-Government - ILMS supports the IAE and provides near real time access to supply chain data. Budget & Performance Integration - ILMS facilitates management control via Enterprise Performance Management (EPM).
14. Does this investment support a program assessed using the Program Assessment Rating Tool (PART)? (For more information about the PART, visit www.whitehouse.gov/omb/part.)	No
a. If "yes," does this investment address a weakness found during the PART review?	No
b. If "yes," what is the name of the PART program assessed by OMB's Program Assessment Rating Tool?	
c. If "yes," what PART rating did it receive?	
15. Is this investment for information technology?	Yes
If the answer to Question: "Is this investment for information technology?" was "Yes," complete this sub-section. If the answer is "No," do not answer this sub-section.	
For information technology investments only:	
16. What is the level of the IT Project? (per CIO Council PM Guidance)	Level 2
17. What project management qualifications does the Project Manager have? (per CIO Council PM Guidance):	(1) Project manager has been validated as qualified for this investment
18. Is this investment identified as "high risk" on the Q4 - FY 2006 agency high risk report (per OMB's "high risk" memo)?	No
19. Is this a financial management system?	No
a. If "yes," does this investment address a FFMIA compliance area?	No

1. If "yes," which compliance area:	
2. If "no," what does it address?	
b. If "yes," please identify the system name(s) and system acronym(s) as reported in the most recent financial systems inventory update required by Circular A-11 section 52	
20. What is the percentage breakout for the total FY2008 funding request for the following? (This should total 100 %)	
Hardware	1
Software	22
Services	77
Other	
21. If this project produces information dissemination products for the public, are these products published to the Internet in conformance with OMB Memorandum 05-04 and included in your agency inventory, schedules and priorities?	Yes
23. Are the records produced by this investment appropriately scheduled with the National Archives and Records Administration's approval?	Yes

I.D. Performance Information

In order to successfully address this area of the exhibit 300, performance goals must be provided for the agency and be linked to the annual performance plan. The investment must discuss the agency's mission and strategic goals, and performance measures must be provided. These goals need to map to the gap in the agency's strategic goals and objectives this investment is designed to fill. They are the internal and external performance benefits this investment is expected to deliver to the agency (e.g., improve efficiency by 60 percent, increase citizen participation by 300 percent a year to achieve an overall citizen participation rate of 75 percent by FY 2xxx, etc.). The goals must be clearly measurable investment outcomes, and if applicable, investment outputs. They do not include the completion date of the module, milestones, or investment, or general goals, such as, significant, better, improved that do not have a quantitative or qualitative measure.

Agencies must use Table 1 below for reporting performance goals and measures for all non-IT investments and for existing IT investments that were initiated prior to FY 2005. The table can be extended to include measures for years beyond FY 2006.

Performance Information Table 1:

Fiscal Year	Strategic Goal(s) Supported	Performance Measure	Actual/baseline (from Previous Year)	Planned Performance Metric (Target)	Performance Metric Results (Actual)
2004	Customer Results	[Reviewed for Aug 2005 for OMB 300 BY2007 cycle] Number of domestic and	Customer Benefits. Customer satisfaction levels and tangible impacts to	100	1200

		overseas users benefiting from real time financial integration, paperless supply chain management and web based status tracking information	customers as a result of the products or services provided		
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All new IT investments initiated for FY 2005 and beyond must use Table 2 and are required to use the Federal Enterprise Architecture (FEA) Performance Reference Model (PRM). Please use Table 2 and the PRM to identify the performance information pertaining to this major IT investment. Map all Measurement Indicators to the corresponding "Measurement Area" and "Measurement Grouping" identified in the PRM. There should be at least one Measurement Indicator for at least four different Measurement Areas (for each fiscal year). The PRM is available at www.egov.gov.

Performance Information Table 2:

Fiscal Year	Measurement Area	Measurement Category	Measurement Grouping	Measurement Indicator	Baseline	Planned Improvement to the Baseline	Actual Results
2005	Customer Results	Customer Benefit	Customer Complaints	Customer Benefits - Customer satisfaction levels and tangible impacts to customers as a result of the products or services provided. Metric: Number of users benefiting from real time financial integration and integrated supply chain visibility.	1000	250	As of 31 July 2005, 1,500 users. Requisition, Procurement, Distribution and DPM are 100% deployed domestically. Asset Management is 70% deployed domestically. Transportation and EPM are in pilot mode. 6 overseas posts are using ILMS.
2005	Customer Results	Timeliness and Responsiveness	Response Time	Timeliness and responsiveness - Time to respond to customer inquiries and requests and time to deliver products and services. Metric: Percent (%) of time the required delivery date was within Department of State standards. Data from DPM.	50%	75%	After transitioning to ILMS, the Diplomatic Pouch and Mail (DPM) users experienced a 85% improvement in their ability to ship in a timely manner while increasing the number of shipments processed in a 24 hr period.
2005	Mission and Business Results	Supply Chain Management	Logistics Management	Supply chain management involves the purchasing, tracking, and overall management of goods and services. Metric: Increase in the number of paperless transactions across the supply chain integration points. i.e.,	Prior to the implementation of ILMS there were no fully integrated supply chain transactions. Zero (0) % of the transactions.	10% per year of all procurement actions across the Department.	The Department's fiscal year closing cycle reported in FY2005 attributed , 8,964 of 18,914 integrated procurement actions to ILMS which accounted for \$1.6 billion of the Departments \$3.6 billion in

				Procurement to Asset Management.			procurement, or 44% of all procurement actions.
2005	Processes and Activities	Quality	Errors	Quality - Error rates and complaints related to products or services.Metric: Number (#) of errors or rejected transactions in the financial system due to data entry of fiscal strip data.	Non-integrated financial transactions, prior to the implementation of ILMS, historically were rejected due to data entry errors at a rate of 75%.	Reduce error rate to less than 25%.	Following the implementation of ILMS, 100% of all fiscal data is posted error free to the financial system. Error rate of less than 25% due to the implementation of integrated fiscal edits.
2005	Technology	Financial (Technology)	Operations and Maintenance Costs	Financial (technology) - Cost avoidance through reducing or eliminating IT redundancies.Metric: Reduction of the number of logistics systems.	Twenty (20) disparate, non-integrated systems	Reduction from 20 to 10 in FY2005.	Implementation of ILMS and related business process reengineering activities under a Duplicate Action Team (DAT) initiative have resulted in 15 systems being retired thru 31 JULY 2005.
2006	Customer Results	Customer Benefit	Customer Satisfaction	Customer Benefits - Customer satisfaction levels and tangible impacts to customers as a result of the products or services provided. Metric: Number of users benefiting from real time financial integration and integrated supply chain visibility.	Projected 2,500 users in FY2006.	1,000 users or 40% improvement.	Interim results - Currently ILMS has 2,000 active domestic users. Over 3,000 users total have been trained in the use of ILMS components. Total ILMS user base will exceed 5,000 users when deployed across the enterprise.
2006	Mission and Business Results	Supply Chain Management	Logistics Management	Supply chain management involves the purchasing, tracking, and overall management of goods and services. Metric: Increase in the number of paperless transactions across the supply chain integration points. i.e., Procurement to Asset Management.	Prior to the implementation of ILMS there were no fully integrated supply chain transactions. Zero (0) % of the transactions .	10% per year of all procurement actions across the Department.	Interim results - Over 9,000 procurement actions accounted for \$3.2 billion or 64% of all DoS procurement.
2006	Processes and Activities	Quality	Errors	Quality - Error rates and complaints related to products or services.Metric: Number (#) of errors or rejected transactions in the financial system due to data entry of fiscal strip data.	Non-integrated financial transactions, prior to the implementation of ILMS, historically were rejected due to data entry errors at a rate of 75%.	Reduce error rate to less than 1%.	Interim results - The number of errors in transactions related to financial system integration has been reduced to less than 25% for transactions that pass ILMS financial edits.

2006	Technology	Financial (Technology)	Operations and Maintenance Costs	Financial (technology) - Cost avoidance through reducing or eliminating IT redundancies.Metric: Reduction of the number of logistics systems.	Twenty (20) disparate, non-integrated systems	Reduction from 10 to 5 in FY2006.	Interim results - Implementation of ILMS and related business process reengineering activities under a Duplicate Action Team (DAT) initiative have resulted in a total of 17 systems being retired through 2006.
2007	Customer Results	Customer Benefit	Customer Satisfaction	Customer Benefits - Customer satisfaction levels and tangible impacts to customers as a result of the products or services provided. Metric: Number of users benefiting from real time financial integration and integrated supply chain visibility.	Projected 2,750 users in FY2007	250 users or 10% improvement.	
2007	Mission and Business Results	Supply Chain Management	Logistics Management	Supply chain management involves the purchasing, tracking, and overall management of goods and services. Metric: Increase in the number of paperless transactions across the supply chain integration points. i.e., Procurement to Asset Management.	Prior to the implementation of ILMS there were no fully integrated supply chain transactions. Zero (0) % of the transactions .	10% per year of all procurement actions across the Department.	
2007	Processes and Activities	Quality	Errors	Quality - Error rates and complaints related to products or services.Metric: Number (#) of errors or rejected transactions in the financial system due to data entry of fiscal strip data.	Non-integrated financial transactions, prior to the implementation of ILMS, historically were rejected due to data entry errors at a rate of 75%.	Reduce error rate to less than 25%.	
2007	Technology	Financial (Technology)	Operations and Maintenance Costs	Financial (technology) - Cost avoidance through reducing or eliminating IT redundancies.Metric: Reduction of the number of logistics systems.	Twenty (20) disparate, non-integrated systems	Reduction from 5 to 3 in FY2007.	
2008	Customer Results	Customer Benefit	Customer Satisfaction	Customer Benefits - Customer satisfaction levels and tangible impacts to customers as a result of the products or	3,000 users	250 users	TBD

				services provided. Metric: Number of users benefiting from real time financial integration and integrated supply chain visibility.			
2008	Mission and Business Results	Supply Chain Management	Logistics Management	Supply chain management involves the purchasing, tracking, and overall management of goods and services. Metric: Increase in the number of paperless transactions across the supply chain.	9,000 procurement actions	10% per year of all procurement actions across the Department.	TBD
2008	Processes and Activities	Quality	Errors	Quality - Error rates and complaints related to products or services. Metric: Number (#) of errors or rejected transactions in the financial system due to data entry of fiscal strip data.	Less than 10%	10x improvement to less than 1% error rates	TBD
2008	Technology	Financial (Technology)	Operations and Maintenance Costs	Financial (technology) - Cost avoidance through reducing or eliminating IT redundancies. Metric: Reduction of the number of logistics systems.	3 Systems	33% or a reduction of one additional system	TBD

I.E. Security and Privacy

In order to successfully address this area of the business case, each question below must be answered at the system / application level, not at a program or agency level. Systems supporting this investment on the planning and operational systems security tables should match the systems on the privacy table below. Systems on the Operational Security Table must be included on your agency FISMA system inventory and should be easily referenced in the inventory (i.e., should use the same name or identifier).

All systems supporting and / or part of this investment should be included in the tables below, inclusive of both agency owned systems and contractor systems. For IT investments under development, security and privacy planning must proceed in parallel with the development of the system / s to ensure IT security and privacy requirements and costs are identified and incorporated into the overall lifecycle of the system / s.

Please respond to the questions below and verify the system owner took the following actions:

1. Have the IT security costs for the system(s) been identified and integrated into the overall costs of the investment:	Yes
a. If "yes," provide the "Percentage IT Security" for the budget year:	2
2. Is identifying and assessing security and privacy risks a part of the overall risk management effort for each system supporting	Yes

or part of this investment.

5. Have any weaknesses related to any of the systems part of or supporting this investment been identified by the agency or IG? Yes

a. If "yes," have those weaknesses been incorporated agency's plan of action and milestone process? Yes

6. Indicate whether an increase in IT security funding is requested to remediate IT security weaknesses? No

a. If "yes," specify the amount, provide a general description of the weakness, and explain how the funding request will remediate the weakness.

8. Planning & Operational Systems - Privacy Table:

Name of System	Is this a new system?	Is there a Privacy Impact Assessment (PIA) that covers this system?	Is the PIA available to the public?	Is a System of Records Notice (SORN) required for this system?	Was a new or amended SORN published in FY 06?
ILMS	No	Yes.	Yes.	Yes	Yes, because this is a newly established Privacy Act system of records.

I.F. Enterprise Architecture (EA)

In order to successfully address this area of the business case and capital asset plan you must ensure the investment is included in the agency's EA and Capital Planning and Investment Control (CPIC) process, and is mapped to and supports the FEA. You must also ensure the business case demonstrates the relationship between the investment and the business, performance, data, services, application, and technology layers of the agency's EA.

1. Is this investment included in your agency's target enterprise architecture? Yes

a. If "no," please explain why?

2. Is this investment included in the agency's EA Transition Strategy? Yes

a. If "yes," provide the investment name as identified in the Transition Strategy provided in the agency's most recent annual EA Assessment. Integrated Logistics Management System - ILMS

b. If "no," please explain why?

3. Service Reference Model (SRM) Table:

Identify the service components funded by this major IT investment (e.g., knowledge management, content management, customer relationship management, etc.). Provide this information in the format of the following table. For detailed guidance regarding components, please refer to <http://www.whitehouse.gov/omb/egov/>.

Agency Component Name	Agency Component Description	Service Domain	FEA SRM Service Type	FEA SRM Component	FEA Service Component Reused Name	FEA Service Component Reused UPI	Internal or External Reuse?	BY Funding Percentage
Logistics and Transportation (new)	Business Management Services from the consolidated reference model (CRM) which includes the supply chain management service type.	Business Management Services	Supply Chain Management	Logistics and Transportation			No Reuse	100

Use existing SRM Components or identify as "NEW". A "NEW" component is one not already identified as a service component in the FEA SRM.

A reused component is one being funded by another investment, but being used by this investment. Rather than answer yes or no, identify the reused service component funded by the other investment and identify the other investment using the Unique Project Identifier (UPI) code from the OMB Ex 300 or Ex 53 submission.

'Internal' reuse is within an agency. For example, one agency within a department is reusing a service component provided by another agency within the same department. 'External' reuse is one agency within a department reusing a service component provided by another agency in another department. A good example of this is an E-Gov initiative service being reused by multiple organizations across the federal government.

Please provide the percentage of the BY requested funding amount used for each service component listed in the table. If external, provide the funding level transferred to another agency to pay for the service.

4. Technical Reference Model (TRM) Table:

To demonstrate how this major IT investment aligns with the FEA Technical Reference Model (TRM), please list the Service Areas, Categories, Standards, and Service Specifications supporting this IT investment.

FEA SRM Component	FEA TRM Service Area	FEA TRM Service Category	FEA TRM Service Standard	Service Specification (i.e. vendor or product name)
Logistics and Transportation	Component Framework	Security	Certificates / Digital Signatures	Secure Sockets Layer (SSL)
Logistics and Transportation	Service Platform and Infrastructure	Database / Storage	Database	Oracle RDBMS
Logistics and Transportation	Service Platform and Infrastructure	Delivery Servers	Application Servers	AMS Momentum
Logistics and	Service Platform and	Delivery Servers	Application Servers	Ariba

Transportation	Infrastructure			
Logistics and Transportation	Service Platform and Infrastructure	Delivery Servers	Application Servers	PeopleSoft

Service Components identified in the previous question should be entered in this column. Please enter multiple rows for FEA SRM Components supported by multiple TRM Service Specifications

In the Service Specification field, Agencies should provide information on the specified technical standard or vendor product mapped to the FEA TRM Service Standard, including model or version numbers, as appropriate.

5. Will the application leverage existing components and/or applications across the Government (i.e., FirstGov, Pay.Gov, etc)? Yes

a. If "yes," please describe.

Within the current ILMS COTS product suite, Procurement Desktop is integrated with FPDS-NG to facilitate acquisitions data tracking and reporting. When the ILMS product suite is upgraded along with the RM upgrade of CFMS to GFMS, both Ariba 8.2 and Momentum Acquisitions will be fully integrated with FPDS-NG. Momentum Acquisitions will also be integrated with FedBizOpps to automatically post solicitations to the FedBizOpps site. Additionally, the software includes the ability to integrate with FedBid.com to facilitate reverse auctioning for certain types of acquisitions. Momentum Acquisitions will also serve as the single point of entry for Vendors into ILMS. It will be integrated via a CGI product, CCRC, with the Central Contractor Registry (CCR) and all vendors to be used domestically will be automatically uploaded into Momentum Acquisitions first and then integrated to the other products within the ILMS suite via EAI products like SeeBeyond and/or WebMethods.

6. Does this investment provide the public with access to a government automated information system? No

a. If "yes," does customer access require specific software (e.g., a specific web browser version)?

1. If "yes," provide the specific product name(s) and version number(s) of the required software and the date when the public will be able to access this investment by any software (i.e. to ensure equitable and timely access of government information and services).

Exhibit 300: Part II: Planning, Acquisition and Performance Information

II.A. Alternatives Analysis

Part II should be completed only for investments identified as "Planning" or "Full Acquisition," or "Mixed Life-Cycle" investments in response to Question 6 in Part I, Section A above.

In selecting the best capital asset, you should identify and consider at least three viable alternatives, in addition to the current baseline, i.e., the status quo. Use OMB Circular A- 94 for all investments, and the Clinger Cohen Act of 1996 for IT investments, to determine the criteria you should use in your Benefit/Cost Analysis.

1. Did you conduct an alternatives analysis for this project? Yes

a. If "yes," provide the date the analysis was completed?

9/30/1998

b. If "no," what is the anticipated date this analysis will be completed?

c. If no analysis is planned, please briefly explain why:

4. What specific qualitative benefits will be realized?

Overall ILMS Benefits Domestic and Overseas *One consolidated system for asset management *Improves accuracy of financial data *Improves internal controls *Enhances auditing capabilities *Total Asset Visibility across the enterprise *Promotes accountability and enforces compliance across the Department Key Benefits Overseas *Integration: The functional modules within ILMS automatically pass data to one another, as well as to non-ILMS systems, creating a connected system that enables real-time information gathering and analysis to occur. *Visibility: ILMS records activities throughout the supply chain, providing end users with insight into the status of an order. It also records and measures the process, providing valuable information for planning and decision making. *Modernization: Many processes are performed electronically with ILMS on a PC, which eliminates outdated manual processes and paperwork. *Centralization: ILMS is a web-based system run from a central server. It replaces the decentralized, local client-server architecture presently in place. No software needs to be loaded locally.

II.B. Risk Management

You should have performed a risk assessment during the early planning and initial concept phase of this investment's life-cycle, developed a risk-adjusted life-cycle cost estimate and a plan to eliminate, mitigate or manage risk, and be actively managing risk throughout the investment's life-cycle.

1. Does the investment have a Risk Management Plan?

Yes

a. If "yes," what is the date of the plan?

7/28/2006

b. Has the Risk Management Plan been significantly changed since last year's submission to OMB?

No

c. If "yes," describe any significant changes:

2. If there currently is no plan, will a plan be developed?

a. If "yes," what is the planned completion date?

b. If "no," what is the strategy for managing the risks?

3. Briefly describe how investment risks are reflected in the life cycle cost estimate and investment schedule:

Risks are incorporated into the life cycle cost estimate by estimating the cost impact of a specific risk and multiplying it by it's probability of occurrence.